

# Home Plus Program

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This program is used to purchase a residence and to provide funds for the cost of minor home improvements (up to \$15,000), all included in one loan. Improvements may include retrofitting necessary to make the home handicapped-accessible.

1. **INTEREST RATE:** Please check with your lender for the current interest rates or call 1-800-NJ HOUSE.
2. **MORTGAGE LOAN MATURITY:** 30 year maximum term, conventional, fixed rate.
3. **FEES:** 3 points - Borrowers must pay 1% of the loan amount at time of application. In addition, there will be a \$200 fee at the time of application for the home improvement portion of the loan. Inspection fees of up to \$75 per inspection for the home improvement work will also be charged.
4. **ELIGIBLE PROPERTIES:** Existing single family homes (not more than 1 unit dwelling) in the statewide and targeted areas. *Targeted areas are located within the 42 municipalities listed on the attached income/purchase price limits sheet.*

The home improvement portion of the proceeds may only be used for alteration, repairs or improvements to substantially protect or improve the basic livability or energy efficiency of the acquired property. Eligible alterations, repairs and improvements include such items as a new roof, painting, installation of improved heating or air conditioning systems, renovation of a kitchen area, plumbing or electrical systems, and the addition of living space. Energy conservation and solar energy improvements are also eligible. Amenities such as swimming pools, tennis courts, saunas or other recreational or entertainment facilities are not eligible improvements.

Permanent improvements that improve the basic livability for handicapped individuals are also eligible. These include, but are not limited to: ramps, levered door handles, wheel chair accessible kitchen counters, bathroom modifications, grab bars, stair elevators, telephone and doorbell light indicators for the deaf, and the repositioning of electrical outlets.

After improvement, properties must appraise at least 95% Loan-To-Value (based on acquisition cost plus the home improvement portion of the loan amount). Properties must be owner-occupied within 60 days of loan closing. *Loan-to-value percentage is the unpaid balance of the mortgage principal to the appraised value or sale price (whichever is lower) of the property.*



5. **ELIGIBLE BORROWERS:** Individuals only. Corporations are not permitted to act as borrowers. Borrowers purchasing properties located in the statewide areas must be first time home buyers. Borrowers purchasing properties located in the targeted areas do not have to be first time home buyers, however, at the time of loan closing no other residential properties may be owned.

6. **MORTGAGE INSURANCE:** The following coverage is required on all conventional loans:

90.01% LTV to 95% LTV	30% coverage regardless of loan term
80.01% LTV to 90% LTV	25% coverage regardless of loan term

7. **DOWNPAYMENT REQUIREMENTS:** The Home Plus Program requires a 5% downpayment. The entire 5% downpayment may come from the borrower's own assets or, if acceptable to the Mortgage Insurer, 3% may come from the borrower's own assets and the additional 2% may be in the form of a gift or an unsecured loan from either a family member, non-profit organization or other public entity.

8. **HOME IMPROVEMENT PORTION LIMITS:** Maximum amount \$15,000. Minimum amount \$1,000.

9. **HOME IMPROVEMENT DISBURSEMENTS:** Home improvement funds of \$5,000 may be disbursed, at the discretion of the lender, at closing. Over \$5,000 will be disbursed by lender at completion or according to an escrow schedule set by the lender.

All funds must be expended or applied to the principal loan balance. No reductions will be made to the loan amount stated on the mortgage note.

A construction contractor must be licensed as appropriate for the work and be acceptable to the lender. A signed contract or enforceable proposal stating the total costs, disbursement schedule and scope of services must be delivered to the lender prior to loan commitment.

10. **COMPLETION CERTIFICATE:** All home improvements must be completed within 180 days of closing and the lender or appraiser must submit a certification of completion and proof of payment.

11. **CLOSING COSTS:** Borrower may fund closing costs with gifts or unsecured loans from non-profit organizations or public entities. Escrow payments must be paid from borrower's liquid assets.

12. **INCOME LIMITS:** Income limits for all mortgage programs are determined by area of purchase, as well as, family size. (See attached)

13. **PURCHASE PRICE LIMITS:** Purchase price limits exist for both statewide and target areas. (See attached)

